

Message Text

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ACTION NEA-10

INFO OCT-01 AF-08 ARA-10 EA-09 ISO-00 FEA-01 ERDA-07
AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07
FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-15 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-10 PA-02 PRS-01 /144 W
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R 270815Z DEC 76
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 6693
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY KUWAIT
AMEMBASSY LIBREVILLE
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI

UNCLAS JIDDA 8297

E.O. 11652: N/A
TAGS: PFOR, SA, EPET
SUBJECT: CROWN PRINCE FAHD ON OIL POLICY

1. IN AN INTERVIEW GIVEN TO BEIRUT DAILY AL ANWAR, CROWN
PRINCE FAHD SPOKE ON THE RECENT SAG DECISION TO RAISE OIL
PRICES BY 5 PERCENT. THE CROWN PRINCE SAID THAT A HEFTY INCREASE
IN THE PRICE OF OIL WOULD AUTOMATICALLY LEAD TO AN
INCREASED IN WORDL INFLATION THIS IN TURN WOULD FORCE
THE CONSUMER NATIONS TO RAISE PRICES ON FINISHED GOODS
WHICH THE PRODUCER NATIONS WOULD BUY, THUS FORCING PRO-
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DUCERS TO FOOT THE FINAL BILL AND FURTHER HARM PROSPECTS
FOR DEVELOPING NATIONS. THE KINGDOM, SAID PRINCE FAHD,
IS DETERMINED THAT OIL SHOULD BE AN ELEMENT OF STABILITY,
NOT DISRUPTION, IN THE WORLD ECONOMY.

2. DENYING THAT THE KINGDOM HAD DECIDED TO LIMIT THE

PRICE INCREASE TO SERVE "A CERTAIN COUNTRY OR A CERTAIN PRESIDENT," THE CROWN PRINCE STATED THAT "WE WILL DECIDE ON AN INCREASE WHEN WE SEE A REASON FOR IT AND WE WILL FREEZE PRICES WHEN WE FEEL A NEED FOR IT." FAHD SAID THAT MINPET YAMANI HAD EXPLAINED THE KINGDOM'S NEW POSITION AT DOHA AND THAT "OPEC MEMBERS UNDERSTOOD OUR VIEWPOINT, THOUGH I WOULD NOT SAY THAT THEY WERE CONVINCED." IN THE PAST, FAHD EXPLAINED, THE KINGDOM HAD GONE ALONG WITH OPEC INCREASES TO PRESERVE UNANIMITY, THOUGH IT HAD NOT BEEN CONVINCED OF THE NEED FOR THOSE INCREASES. NOW, STRESSED FAHD, "WE WILL DO WHAT WE CONSIDER APPROPRIATE TO OUR INTEREST AND THE INTEREST OF THE WORLD ECONOMY."

3. THE CROWN PRINCE REPEATED SAUDI ARABIA'S DETERMINATION TO PRESERVE OPEC UNITY AND PLEDGED TO CONTINUE ITS COMMITMENTS TO THE ORGANIZATION. HE PLEDGED CONTINUING SUPPORT FOR ARAB, OPEC AND UN DEVELOPMENT FUNDS, VOICING THE HOPE THAT OTHER OPEC NATIONS WILL ALSO CONTINUE TO DO THE SAME.

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